Financial Exigency Response Policy

General Statement of Policy

Should a condition of financial exigency or the threat of it ever exist at Dickinson College (the “College”), the College’s normal representative system of governance will be the vehicle for dealing with the situation. The Board of Trustees and its standing committees, the President of the College and the administrative officers, the faculty, the standing committees of the College, and the Faculty Meeting shall all participate in a manner consistent with their duties and purviews as defined in the Charter and By-Laws of the College, the By-Laws of the Board of Trustees, and the Academic Handbook.

Attempting to Prevent Financial Exigency

Data Analysis

The President of the College and the standing committees of the Board and of the College shall review those trends and data under their normal purview that deal with matters of the College’s financial health and the situation in higher education generally.

a. This information is routinely collected and interpreted by the Coordinator for Institutional Data Analysis, the Treasurer’s Office, and other appropriate sources. It is shared routinely with campus and Trustee committees and administrative officers, with summary reports to the Faculty Meeting at least annually.

b. It shall include outside assessments of the College that measure its financial condition in terms of national parameters for similar colleges, such measures being updated yearly. Examples of indicators of institutional health utilized by such assessments:

- admissions ratios
  - inquiries / applicants
  - applicants / accepted students
  - accepted students / enrolled students
  - actual enrolled number / anticipated enrollment –
- student quality data
  - mean SAT and other test scores and distributions
  - high school standing percentages
- student/faculty ratios
  - number of classroom faculty / number of students
  - number of academics / number of students
- deferred maintenance statistics
• condition of facilities
• academic and other equipment replacement schedules
• library acquisitions rate
• contribution ratios
  • tuition and fees / E & G expenditures
    (E&G = Education and General portion of a budget)
  • gifts and grants / E & G expenditures
  • endowment income to budget / E & G expenditures
• expenditure ratios
  • instruction / E & G expenditures
  • student services / E & G expenditures
  • plant operation & maintenance / E & G expenditures
  • mandatory transfers P & I / E & G expenditures
    (P&I = Principal and Interest)
• operating net ratios
  • net total revenues / total revenues
  • net E & G revenues / E & G revenues
  • net auxiliary revenues / auxiliary revenues
• asset and liability ratios
  • total net liabilities / total net assets
  • plant liabilities / plant investments
  • current liabilities / current assets
  • current liquid assets / unrestricted current fund balance
• working capital ratios
  • total unrestricted fund balance / E & G expenditures
  • current liquid assets / E & G expenditures
• plant debt ratios
  • total current external liabilities / total expenditures
  • current external plant P & I / total expenditures
  • current external plant liabilities / plant liabilities

c. Ratings of the College by financial agencies such as Moody’s or Dun and Bradstreet shall also be taken as significant indices of the College’s financial health.

Warning Signs

When these data and their interpretation suggest the possibility of a deterioration in the College’s financial situation, the President shall ask the Planning and Budget Committee to respond to this information and to provide advice. The committee may initiate such a request if the President is disinclined to do so.

Financial Stringency

Having received advice from these committees and other appropriate sources, the President may indicate formally or informally that the College faces a condition of financial stringency. This is a situation in which resources are decreasing and are putting a strain on the College’s ability to function at normal qualitative levels. Reductions are needed for the purpose of avoiding exigency.
Remedial Action

Stringency over a period of years may require reductions in academic programming and in the size of the professional staff (administrative, faculty). Curricular reductions would be made by action of the Faculty Meeting, utilizing the normal procedures of departmental consultation and Academic Program Committee resolutions. Personnel reductions would be effected by not filling vacancies or by non-renewal of contracts after due notice. Decisions involving such personnel reductions would be made by the President of the College, utilizing normal procedures for evaluation, recommendation, and review (Handbook Chapters Four and Five).

Goal

The goal of these reductions is to return the College to a condition of financial health without serious erosion to the quality, the character, and the diversity of the academic program. Academic support programs, student services, the physical plant, and the ability of the College to attract students and new financial resources should also suffer no serious erosion. Personnel cutbacks should only be initiated in a context where alternative avenues are also being considered, including the possibility of across-the-board salary reductions.

The Determination of Financial Exigency

Danger

These efforts may not prove effective. These remedies having been utilized to the fullest reasonable extent, a condition of financial exigency may still loom large. This would be a situation in which declining institutional viability requires the development of a plan for significant programmatic reductions and for reductions in professional staff including the termination of appointments. (‘Termination’ refers to the release of personnel through means other than non-renewal of contract: e.g., the early ending of an unexpired contract in the case of untenured personnel or the release from contract of tenured faculty members.)

Raising the Question

Administrative officers and committees of the College involved in the efforts to avoid exigency and aware of the relevant data may arrive at the conclusion that the only remedy now available requires a formal declaration of financial exigency in order to permit the actions described above. The President of the College shall then ask the Planning and Budget Committee to advise formally regarding whether this is the case. Either of these committees may initiate such a formal request if the President is disinclined to do so.

Advice

When a formal call has been made by the President to consider a situation that might require declaring financial exigency, the President shall inform the Board of Trustees, appropriate committees of which may meet at this time if they choose. The Faculty Meeting shall also be
informed that a formal call has been made. P&B shall meet to consider the matter. The two immediately former chairmen of this committee shall be invited as resource persons without vote. The committee shall consider the full range of available information, including changes in the indices of the College’s financial health and reports from various committees and administrative officers, attending to their implications regarding the ability of the College to maintain the quality of its academic program and support services and to retain an effective professional staff. The Planning and Budget committee shall then take a vote to advise the President (i) that in its judgment there is no problem worse than that requiring procedures appropriate to financial stringency, or (ii) that financial exigency should be declared.

This advice and its rationale shall then be reported by the President to the Faculty Meeting. The Faculty Meeting may, if it chooses, vote to support or not support the committee’s recommendation. Unless at least one of these recommending groups or the President propose that financial exigency be declared, the procedures which follow shall not be implemented.

Recommendation

Recommendation to the Board of Trustees is the sole prerogative of the President of the College. Having received advice by the procedures outlined above, the President shall make a recommendation to the Board either to declare exigency or not to do so. The President, in making this recommendation to the Board, shall report the full range of agreement or its absence (along with supporting reasons and documents) which was provided by the Planning and Budget Committee and the Faculty Meeting. Members of P&B will be invited to meet with appropriate Trustee committees to discuss this matter prior to the meeting of the full Board, and faculty representatives from the committee will be invited to attend the Board meeting as discussants during its deliberations (until such time as the Board would go into executive session).

Declaration

The Board of Trustees alone has the authority to declare a state of financial exigency. The Board may take action contrary to the recommendation of the President of the College, or may act in the absence of a recommendation from the President. It shall always report its decision, along with supporting reasons, to the College community.

Overcoming Financial Exigency

Finances

Sole authority to convert physical assets and major services into cash rests with the Board of Trustees.

Development of a conceptual plan for overcoming the declared condition of financial exigency, including if necessary the conversion of assets into cash to meet expenses, shall be carried out by the Finance Committee of the Board in conjunction with the Treasurer of the College and at the request
of the President of the College. The Committee on Planning and Budget shall be consulted in developing this conceptual plan. Final recommendation of a conceptual plan to the Board shall be the responsibility of the President of the College. If the plan is approved by the Board of Trustees it will then serve as the financial context for the subsequent decisions of campus committees and the administration.

The Planning and Budget Committee shall endeavor to identify areas in the regular budget where reductions might be made within existing commitment levels without seriously damaging those commitments. It shall advise the President of the College regarding these and shall identify other areas of potential savings that could be effected through postponement of program and auxiliary services. The Planning and Budget Committee shall endeavor to analyze the crisis from the point of view of existing long range plans and pending proposals. It shall advise on reductions and postponements involved in the large-scale allocation of funds to the sub-areas of the College budget.

Curricular Matters

In adjusting the program to meet financial exigency the role of the Academic Program Committee shall be central in policy formulation and recommendation.

The Academic Program Committee, which constantly reviews the effectiveness and importance of academic programs and departments, shall develop with the Dean of the College a conceptual plan applying the educational purposes and goals of the College to the specific situation of financial exigency. This shall be submitted to the Faculty Meeting for approval. As needed, APC and the Dean shall modify their proposal in the light of Faculty Meeting suggestions until a plan is developed that secures Faculty Meeting approval. If the Faculty Meeting is unable to approve a plan in timely fashion and after a good faith effort by the Dean and APC to effect such, the Dean and APC may proceed without Faculty Meeting approval.

Based upon this conceptual plan, and taking into account the limitations imposed by the financial conceptual plan, the Academic Program Committee and the Dean shall advise the President of the College and the Faculty Meeting regarding academic quality and essentiality in such areas as course offerings, faculty load, distribution of faculty among departments and programs, and financial commitment to specific departments and programs.

On the basis of the conceptual plan as interpreted above, the Dean of the College shall formulate in consultation with affected departments or areas of study a plan for appropriate reductions in program. Such plans should meet as far as feasible previously stated minimal standards of academic acceptability at the College. This plan will then be reviewed by APC and must be approved by both APC and the Dean. Information on how the conceptual plan is being implemented will be provided to the Faculty Meeting on a regular basis, along with APC-approved resolutions for curricular change as appropriate. Implementing actions may be blocked by majority approval of a resolution to disapprove the action. All curricular resolutions shall require Faculty Meeting approval.

The abolition of a department or program shall require full review by the Academic Program Committee, with members of the department in question having an opportunity to argue their views before the committee. A recommendation by the Academic Program Committee to abolish a
department or program, if agreed to by the Dean of the College, shall be reported to the Faculty Meeting for its concurrence. If that concurrence is not given, then the Dean shall undertake a good faith effort to reconcile the differences and secure approval by the Faculty Meeting of a revised recommendation from APC and the Dean. Failing this, then the recommendations of the APC, the Dean of the College, and the Faculty Meeting will be submitted to the President of the College, along with relevant supporting arguments and documents, and the President will make the final decision for or against abolition.

Personnel Matters

In making personnel decisions regarding faculty in order to meet the constraints imposed by financial exigency, the advisory role of the Personnel Committees shall be central in policy formulation and specific recommendations for termination or non-renewal of contract. The advice of other committees shall be sought as indicated below. Close cooperation between the Personnel Committees, the administration, and the Educational Policy and Program Committee of the Board is essential.

A conceptual plan related to the termination of unexpired contracts of tenured and untenured faculty shall be developed by the Faculty Personnel Committee and the Dean of the College consistent with premises stated in Chapter Four of the Academic Handbook. This conceptual plan shall then be reviewed by the Academic Freedom and Tenure Committee.

The conceptual plan for reductions in the size of the faculty shall seek to avoid decisions on termination of tenured faculty by making adjustments in contractual arrangements and professional responsibilities, consistent with College curricular and financial needs. If financially feasible, the College shall develop specially tailored Early Retirement plans and/or reduced teaching arrangements with continued fringe benefits whether or not such plans already exist. Such plans are subject to approval by the President of the College. Similar plans shall be developed for administrators so that reductions in staff are fairly distributed and reduced responsibilities or early retirement arrangements are developed whenever feasible.

Where the Faculty Personnel Committee and the Dean of the College find it necessary to propose terminating the contracts of tenured members of the faculty, recommendations to do so shall utilize guidelines which adhere to the principles of tenure, and which respect seniority within rank and within departments or programs. If adhering to these principles would result in a drastic distortion of the academic program, the Faculty Personnel Committee and the Dean of the College shall propose a course of action that considers the additional principles of overall diversity in the faculty and the continuation of a reasonable range of courses and services. Such a proposal shall be reviewed by the Academic Freedom and Tenure Committee and by the Academic Program Committee, and the Dean shall undertake a good faith effort to reconcile any differences among the three committees before any recommendations involving termination of contract are made to the President.

Where the non-renewal of contracts of non-tenured faculty is involved, the Personnel Committee and the Dean of the College shall utilize guidelines which protect the overall quality of the academic program and its support services.
The Dean of the College in consultation with the Personnel Committee may make a recommendation to the President of the College to terminate a specific contract in accordance with the conceptual plan. If the President accepts that recommendation, then the procedures described in the Academic Handbook Chapter Four, Section V shall be implemented. Decisions related to the release of specific administrative officers will be made by the President of the College in consultation with senior administrative officers and, where appropriate, with relevant college committees. The President of the College will report these actions at a Faculty Meeting and to the Board of Trustees.

NOTE: Officers of the College or Board of Trustees are designated by the current and normal titles for their offices. Title variations or persons serving in a position in a temporary capacity should be understood as also being encompassed by these titles. Similarly, committees are designated by their current names and should be understood as also encompassing any successor entities.